

**RSCC TRANSPORTATION SUBCOMMITTEE
MINUTES OF THE MEETING
SEPTEMBER 27, 2006
BUTTE, MONTANA
9:00am – 10:00am**

SUBCOMMITTEE MEMBERS PRESENT: Mike O'Hara, Doug Miller, Evan Barrett

COUNCIL MEMBERS PRESENT: Dick Turner, Larry Bonderud, Bill Fogarty, Tom McGillvray and Carla Allen

CONTRACT STAFF: Terry Whiteside, Gloria O'Rourke

GUESTS: Barbara Ranf, Spook Stang, Joel Clairmont (for Nancy K. Peterson), Charlie Clark, Mike Opar, Sheryl Ralph and Larry Finch

Following introductions, Chairman O'Hara opened the meeting with a discussion of a white paper provided by Terry Whiteside that suggested guidance for this subcommittee. Items included:

1. Develop lines of communication with all major transportation providers that serve Montana.

- Ascertain from the railroad perspective what incentives the RSCC could provide to them that would encourage rail infrastructure development in Montana.
- From the railroad perspective are there any incentives that the RSCC could provide that would bring Montana freight rates in line with rates where the railroads have rail-to-rail competition.
 - Note: Incentives can be positive as well as negative. The subcommittee needs to look at both to create motivation to encourage competition.
- Request railroad plans from the railroads for the RSCC to ascertain the rail company's investment targets.
- From a motor carrier's perspective are there any incentives for development of the trucking industry. Are incentives even needed?

Discussion:

- Standardize size and weights of trucks. Carriers are not interested in an incentive that refunds the fuel tax as it will ultimately come out of the highway construction fund. As one of the biggest issues truckers face in other states is congestion this funding should not be reduced.
- Driver shortage is one of the biggest issues.
- Work with Canada on easing their size and weight restrictions to encourage grain shipments from Montana to Canada.
- Work with providers to explore opening restrictive routes.
- Examine the Canadian Department of Transportation RTAK study as it was used to determine the safest, most cost effective load; Super B was the answer.

- Obtain feedback from the port authorities in Billings, Butte and Shelby to learn of impediments to development.
- 2. Evaluate possible competitive projects.**
 - Explore and develop all rail or truck competitive options.
 - Build or encourage development of rail-to-rail competition projects, build outs or build ins.

Note: Remaining points will be explored following a thorough review of Point 1.

3. CORE System development

- Support establishment of CORE rail branchlines and develop methods of financial and shipper support that will serve to minimize public expenditures
 - How will such a CORE system be maintained?
 - How will investment on CORE system be encouraged?
 - Infrastructure development to ensure economic operation?
 - What economic development units should be developed to enhance investment on CORE system?
- What legislative requirement is needed to get CORE system developed?

4. Economic Development efforts

- Support all efforts at the local, state and federal level to increase choices in rail transportation
 - Development of public-private partnerships
 - Evaluation of roles of economic development entities
 - What is the interface with railroads in economic development projects?
 - Feasibility of legal structure to facilitate growth in producer transportation investment coop & rural transportation infrastructure and port authorities
 - Develop value added activities and projects which utilize product that traditionally moves over MT transportation system
 - Develop projects that provide for competitive uses of MT products off rail or on competitive railroad systems
 - Work with MT companies to enhance their ability to provide value added economic development
 - Partnerships with other states and federal agencies to promote rail service competition

5. Develop methodologies to lower transportation input costs in Montana

- Increase competition for MT products that move over MT transportation system
- Examine Tax rates on railroads and truck lines – Tax Subcommittee?
- Tort reform for settlements of lawsuits?
- Weight Limits?
- Demonstration projects for trucks increased truck weights or lengths that will lower transportation input costs

- Building transportation infrastructure that will lower transportation costs for MT producers and manufacturing

Terry Whiteside was asked by the RSCC Transportation Subcommittee to work with Montana Department of Transportation to explore the identification of a core system for Montana. The idea is to determine which branch lines will be protected so that investors are confident their investment will remain in place. As Montana has lost so many branch lines, the system we now have may be the core system. Criteria will need to be set and a directive received from the legislature before the core system can be identified.

Meeting Conclusions:

1. The RSCC Transportation Subcommittee will recommend to the full council for Terry Whiteside to work with Montana Department of Transportation on a core plan.
2. Terry Whiteside will contact all providers (rail, port authorities and truckers) and obtain feedback on incentives.